

Message Text

CONFIDENTIAL

PAGE 01 ROME 11212 01 OF 02 081809Z
ACTION INR-05

INFO OCT-01 EUR-08 CIAE-00 ISO-00 /014 W
-----108294 082025Z /46

R 081628Z JUL 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 5769
TREAS DEPT WASHDC

C O N F I D E N T I A L SECTION 1 OF 2 ROME 11212

LIMDIS

E. O. 11652: GDS
TAGS: PINR, IT
SUBJ: DATA ON MINISTER OF TREASURY GAETANO STAMMATI

REF: STATE 150637

1. THE FOLLOWING IS A REPLY TO REFTEL CONCERNING MINISTER OF
THE TREASURY STAMMATI. SEPTELS REPORT ON MINISTERS OSSOLA AND
PANDOLFI.

2. POSITION/PROMINENCE. ALTHOUGH ELECTED A DC SENATOR IN
JUNE 1976, STAMMATI IS GENERALLY VIEWED AS A BUREAUCRAT/
TECHNICIAN. VIRTUALLY ALL OF HIS CAREER HAS BEEN SPENT WITHIN
THE FINANCIAL SECTORS OF THE PUBLIC ADMINISTRATION, EXCEPT
FOR A BRIEF PERIOD WHEN HE WAS PRESIDENT OF ITALY'S SECOND
LARGEST COMMERCIAL BANK (BANCA COMMERCIALE ITALIANA - BCI)
AND A FEW MONTHS AS MINISTER OF FINANCE IN THE LAST MORO
GOVERNMENT BEFORE THE 1976 ELECTIONS. WHILE ESSENTIALLY
NON-POLITICAL, STAMMATI COULD NOT HAVE BEEN APPOINTED TO
HIGH POSITIONS WITHOUT GOOD DC PARTY CONNECTIONS. IN
FACT, DESPITE WIDESPREAD RESPECT FOR HIS BUREAUCRATIC
ABILITIES, THERE WAS SOME CRITICISM WITHIN THE BANKING
COMMUNITY WHEN HE WAS APPOINTED AS PRESIDENT OF THE BCI
ON THE GROUNDS THAT HE HAD INADEQUATE EXPERIENCE IN
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 11212 01 OF 02 081809Z

BANKING AND WAS BENEFITTING FROM POLITICAL CONNECTIONS.
SINCE HIS APPOINTMENT AS MINISTER OF TREASURY IN THE
CURRENT ANDREOTTI GOVERNMENT, STAMMATI HAS BEEN VERY
MUCH IN THE NEWS, PARTICULARLY IN CONNECTION WITH THE
FORMULATION OF THE GOI'S ECONOMIC STABILIZATION PROGRAM
AND WITH NEGOTIATION OF THE IMF STANDBY AGREEMENT.

3. HOW FIRM POSITION? DURING THE CURRENT INTER-PARTY NEGOTIATIONS ON A "PROGRAM ACCORD," STAMMATI WAS OCCASIONALLY MENTIONED AS ONE OF THE MINISTERS IN THE ANDREOTTI GOVERNMENT WHO MIGHT LEAVE THE CABINET IF THERE WERE TO BE A CABINET SHAKE-UP. STAMMATI'S VULNERABILITY DERIVES MOSTLY FROM HIS LACK OF A STRONG POLITICAL BASE, AS WELL AS THE OVERALL PERCEPTION OF HIM AS A TECHNICIAN. THIS MAKES HIM DISPENSABLE BY THE DC ITSELF AS WELL AS EASILY ATTACKED BY OTHER PARTIES. THUS, THE PCI COMPLAINED DURING THE TALKS THAT HE WAS AN "INEFFECTIVE MINISTER" AND "NOT A MASTER OF HIS MATERIAL." ALSO, SOME ELEMENTS OF THE DC PARTY WHO WOULD HAVE BEEN HAPPY TO BE RID OF THE MAN WHO IS IDENTIFIED WITH FAIRLY CONSERVATIVE ELEMENTS OF THE DC AND WHO WAS LARGELY RESPONSIBLE FOR AN UNPOPULAR "AUSTERITY" PROGRAM. SINCE THE PROGRAM ACCORD HAS PRECLUDED ANY CABINET CHANGES, STAMMATI'S POSITION IS NO LONGER PRESENTLY AT RISK. ALSO, THE FACT THAT STAMMATI IS IDENTIFIED ABROAD WITH ITALY'S CURRENT ECONOMIC STABILIZATION EFFORT ACTS, NO DOUBT, AS A FURTHER WEDGE IN SECURING HIS MINISTRY.

4. IMPORTANCE IN POLICY FORMULATION. STAMMATI HAS BEEN NUMBER ONE IN MACROECONOMIC POLICY FORMULATION WITHIN THE ANDREOTTI GOVERNMENT. HIS LEADING COMPETITOR HAS BEEN FOREIGN TRADE MINISTER OSSOLA WHO, WHILE MORE INNOVATIVE AND OUTSPOKEN, DOES NOT HAVE THE BUILD-IN CONFIDENTIAL

CONFIDENTIAL

PAGE 03 ROME 11212 01 OF 02 081809Z

ADVANTAGE OF THE TREASURY PORTFOLIO, WHICH HAS ALWAYS BEEN, DE FACTO, THE MOST IMPORTANT OF THE THREE FINANCIAL MINISTRIES (I.E., TREASURY, BUDGET AND PLANNING, AND FINANCE). MUCH OF THE ECONOMIC INPUT THAT GOES INTO STAMMATI'S POLICY CONTRIBUTIONS DOES NOT ORIGINATE INSIDE THE TREASURY MINISTRY BUT COMES FROM THE BANK OF ITALY. HOWEVER, THIS IS ALSO TRUE FOR OSSOLA AND, TO A LESSER EXTENT, FOR MINISTER OF BUDGET MORLINO (WHO HAS A CONSIDERABLE ECONOMIC STAFF LODGED WITHIN HIS OWN MINISTRY).

5. ATTITUDES TOWARD BASIC ISSUES. STAMMATI'S APPROACH TO ECONOMIC POLICY IS THAT OF A COMPETENT, CONSERVATIVE, MARKET-ORIENTED ECONOMIST. DESPITE WIDESPREAD STATE INVOLVEMENT IN THE ITALIAN ECONOMY AND ITALY'S PERIODIC RESORT TO VARIOUS DIRECT CONTROLS, STAMMATI HAD LITTLE, IF ANY, BASIC DISAGREEMENTS WITH THE IMF APPROACH TO AN ECONOMIC STABILIZATION PROGRAM FOR ITALY. WHILE STAMMATI HAS NOT BEEN A POLITICAL ACTIVIST, HIS ESSENTIALLY FREE MARKET APPROACH TO ECONOMIC MATTERS IS ALSO MIIRORED IN HIS CONCERN FOR POLITICAL LIBERTIES. IN FACT, HIS FIRST PRLIAMENTARY CANDIDACY IN 1976 WAS CLEARLY MOTIVATED

(AND HE HAS TOLD EMBASSY OFFICERS AS MUCH) BY CONCERN
ABOUT THE FUTURE OF DEMOCRACY IN ITALY.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 ROME 11212 02 OF 02 081843Z
ACTION INR-05

INFO OCT-01 EUR-08 ISO-00 CIAE-00 /014 W
-----108918 082026Z /46

R 081628Z JUL 77
FM AMEMBASSY ROME
TO SECSTATE WASHDC 5770
TREAS DEPT WASHDC

C O N F I D E N T I A L SECTION 2 OF 2 ROME 11212

LIMDIS

6. NEGOTIATING STYLE. STAMMATI IS A SOFT-SPOKEN, LOW KEY PERSONALITY AND NEGOTIATOR. NONETHELESS, ON BASIC ISSUES HE CAN BE TENACIOUS...AS HE WAS FREQUENTLY REQUIRED TO BE DURING FORMULATION OF ITALY'S ECONOMIC STABILIZATION PROGRAM LATE IN 1976 AND EARLY IN 1977. IN MEETINGS WITH HIS FOREIGN COLLEAGUES, HE IS INCLINED TO BE RATHER VAGUE AND GENERAL IN HIS DESCRIPTION OF ITALY'S ECONOMIC SITUATION. HOWEVER, THIS MAY BE DUE TO HIS LACK OF AWARENESS OF THE EXTENT TO WHICH SOME FOREIGN GOVERNMENTS (E.G., USG) ARE FAMILIAR WITH THE DETAILS OF ITALIAN ECONOMIC DEVELOPMENTS. UNFORTUNATELY, STAMMATI'S KNOWLEDGE OF ENGLISH IS QUITE LIMITED (AN ALL TOO COMMON CHARACTERISTIC AT ITALIAN CABINET LEVEL OFFICIALS), WHICH IS A HANDICAP FOR HIM AND FOR ITALY IN INTERNATIONAL FORA. HE DOES UNDERSTAND ENGLISH REASONABLY WELL IF IT IS SPOKEN SLOWLY, BUT DOES NOT USUALLY ATTEMPT TO SPEAK IT.

7. CAN HE DO WHAT HE PROMISES? STAMMATI'S ABILITY TO CARRY THROUGH ON COMMITMENTS DEPENDS FAR MORE ON THE REALITIES OF ECONOMIC AND POLITICAL CONDITIONS IN ITALY THAN ON ANY TRAIT OF PERSONALITY OR MODUS OPERANDI. HE IS, HOWEVER, CONSISTENT IN HIS POSITIONS AND RATHER DETERMINED UNDER PRESSURE. SO LONG AS THE ANDREOTTI GOVERNMENT CONTINUES IN POWER, AND HE DOES NOT LOSE THE
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 ROME 11212 02 OF 02 081843Z

CONFIDENCE OF THE PRIME MINISTER ON SUBSTANTIVE QUESTIONS,
HIS WORD CAN BE DEPENDED UPON WITHIN EXISTING POLITICAL/
ECONOMIC CONSTRAINTS.

8. CAN HIS VIEWS BE INFLUENCED? STAMMATI IS WILLING TO
CONSIDER THE VIEWS OF OTHERS BUT IS CONSTRAINED BY POLITICAL
REALITIES. LIKE MOST ITALIAN NEGOTIATORS,
HIS ATTENTION IS HIGHLY CONCENTRATED ON ITALY'S
OWN PROBLEMS, SOMETIMES TO THE EXCLUSION OF BROADER
CONSIDERATIONS. ALSO, HE MAY REFLECT THE ITALIAN
TENDENCY TO VIEW ITALY'S PROBLEMS AS UNIQUE WHEN THEY
ARE, IN FACT, QUITE SIMILAR TO THOSE OF OTHER INDUSTRIAL
COUNTRIES, INCLUDING THE U.S.

9. CURRENT PRESSURES AND POLITICAL FACTORS WHICH
INFLUENCE HIM. THE TWO CHIEF INFLUENCES ON STAMMATI'S
ABILITY TO MANAGE THE ITALIAN ECONOMY ARE ITALY'S
FOREIGN CREDITORS (ESPECIALLY THE IMF) AND THE ITALIAN
LABOR UNIONS (INCLUDING THE INFLUENCE WHICH THEY WIELD
THROUGH THE PCI AND PSI). DURING THE NEXT YEAR FOREIGN
CREDITORS WILL BE PRESSURING STAMMATI TO PERSEVERE IN
ITALY'S STABILIZATION EFFORTS AT THE SAME TIME THAT
DOMESTIC LABOR AND POLITICAL FORCES WILL INCREASINGLY
PRESS FOR EMPLOYMENT-GENERATING SPENDING PROGRAMS.
DURING THE PROGRAM ACCORD TALKS, THE POSITIONS HELD BY
STAMMATI WERE SUPPORTED BY DC NEGOTIATORS IN INSISTING
ON ADEQUATE MEASURES TO DEAL WITH THE LABOR COST AND
OTHER DIFFICULT ECONOMIC PROBLEMS. HOWEVER, THERE ARE
ELEMENTS WITHIN THE DC WHICH EVENTUALLY MIGHT VERY WELL
SHIFT THEIR POSITION AND PUT PRESSURE ON STAMMATI AND
ON THE ANDREOTTI GOVERNMENT PREMATURELY TO ADOPT EXPAN-
SIONARY MEASURES. GARDNER

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DATA, TREASURY, BIOGRAPHIC INFORMATION, GOVERNMENT MINISTRIES, POLITICAL SITUATION
Control Number: n/a
Copy: SINGLE
Sent Date: 08-Jul-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977ROME11212
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770243-0767
Format: TEL
From: ROME
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770777/aaaacowj.tel
Line Count: 204
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ebab8a6e-c288-dd11-92da-001cc4696bcc
Office: ACTION INR
Original Classification: CONFIDENTIAL
Original Handling Restrictions: LIMDIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: LIMDIS
Reference: 77 STATE 150637
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 18-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1920299
Secure: OPEN
Status: NATIVE
Subject: DATA ON MINISTER OF TREASURY GAETANO STAMMATI
TAGS: PINR, IT, (STAMMATI, GAETANO)
To: STATE TRSY
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ebab8a6e-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009